

# Commercial Real Estate Mogul Del Beccaro Issues Forecast

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**By Lou Fancher**

With 40 years in the industry and more energy than most 25-year-olds, 64-year-old Del Beccaro is highly qualified and unafraid to offer bold predictions about commercial real estate in Walnut Creek and the East Bay. His career began in 1977, moving up the ranks at Grubb & Ellis before operating his own development company from 1983 to 1992. Re-entering full-time brokerage, Del Beccaro was the East Bay manager at Colliers, Grubb & Ellis, then oversaw a 40-member team for seven years at Transwestern before moving to TRI Commercial East Bay as a Regional Manager at the end of 2018. He has leased or sold over three million-square-feet of real estate representing clients that include UCSF Benioff Children's Hospital, California Bank & Trust, Mechanics Bank, Wells Fargo, among others.

**Del Beccaro weighs in with Walnut Creek Magazine on what to expect in the commercial real estate arena for 2019 and beyond.**

Office and apartment rental rates will continue to rise, but at slower rates. Few new office buildings will be constructed, but “hotels are on fire” and residential multifamily projects are on the rise. High-end retail will flourish in the city’s urban core: big box retail in suburban, outer locations will die. Oh, and say “good bye” to surface-level parking lots as e-commerce and robust employment rates pump demand for just-in-time warehouses, mixed-use residential developments, and more restaurants and retail.

“Surface parking lots are an endangered species; by 2025, you won’t see them,” says Del Beccaro. “The parking lot across the street from Casper’s Hot Dogs on Newell Avenue, Kaiser owns it, and you can imagine a building on it. The one across from Va de Vi on Mt. Diablo Boulevard has a proposed condo project on it.”

Del Beccaro also suggests that the city’s new North Downtown Specific Plan—a general guideline for developers to follow when planning future projects in the plan’s specific zoning area—encourages auto dealerships that have prime real estate dedicated to large parking lots to move. “It pushes them north of Ygnacio Valley Boulevard in order to upscale the sites. They can’t be forced to sell, but if you give them a crazy price to leave, they might think about it,” he says.



**WANT MORE?** The odds of a recession in the next 18 months? Del Beccaro places it at 30 percent. “We’ll have correction, and with that—and Walnut Creek’s restricted height limits for new construction—you won’t see new office buildings in the city over the next three years. They don’t pencil out.” Builders need to balance a \$5 per-foot classic office product, versus a \$3.50 per-foot for apartments. “That’s why the only cranes you’ll see in Walnut Creek or Oakland are at new residential projects. The housing demand is so intense that people are still looking for sites to build.”

Unfortunately, the upside-down demand curve means people who make \$60-120,000 per year often can’t afford the new apartment rents. In Walnut Creek, Del Beccaro places rent for a two-bedroom apartment at \$3500-5000 per month. “That figure cascades down to the older, ten to twenty-year-old stock at \$2-3000 per month. People on average are spending 40 percent of their income on housing. They’re climbing a steep demand curve.”

During his career, Del Beccaro has also represented the cities of Walnut Creek, San Ramon, Clayton, and Concord in real estate deals. The Danville resident and his wife, Denise, have been married for 35 years and have three adult children and two grandchildren. He holds a B.A. in philosophy from Stanford University.

At any given time, Del Beccaro serves on five local boards. “It’s always five,” he says. “I’m in my business phase now, so I’m on the Walnut Creek Chamber of Commerce, the California Jobs & Housing Coalition, and various transportation task forces. When he was in the “arts mode,” Del Beccaro served in positions related to real estate development; supporting new construction projects for California Shakespeare Theater in Orinda, the Walnut Creek Library, and a Boy Scout building in Pleasant Hill.

Turning a keen eye to predictions farther off, Del Beccaro says advanced manufacturing involving robots will increase the value of introducing downtown projects like four-story, computerized, smart, seismically-sound warehouse buildings. Asked about a new downtown supermarket, he says it’s unlikely. At the Airbnb/corporate suite/apartment project under construction on the former McDonald’s site, Del Baccaro and his firm, Tri-Commercial, represent the ground floor leasing. “I don’t foresee a new supermarket there or anywhere. Downtown supermarkets don’t exist. They can’t pay the rent; they have low margins. We’re looking for restaurants and high-end merchandise.”

Safeway, he notes, in years past had plans to build a second story. The cost and details of construction, including relocating the parking lot to the top of the building, were complicated. "Walnut Creek will sooner or later get what Rockridge has: an existing site converting from one story to two, but Safeway won't buy a new, original site."

In the meantime, with the real estate market approaching the top of its cycle—meaning investment values and rents are reaching a plateau—investors are climbing on the fence. "Everybody is cognizant of where we are in the real estate and the investment cycle. The power question now is when is the next recession? Is it in 2020? People are debating and sitting tight because most invest or buy with expectations that prices will go up." As long as business is booming and employment remains strong, Del Beccaro expects the city's multipurpose residential construction momentum to continue, along with his own.